

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSAL SIX)

Docket No. RM2021-9

REPLY COMMENTS OF THE UNITED STATES POSTAL SERVICE
REGARDING PROPOSAL SIX
(November 4, 2021)

On October 28, 2021, initial comments in this docket were filed by the Public Representative and the Greeting Card Association (GCA). The Postal Service hereby offers its reply comments to the Public Representative.¹ As explained below, the Public Representative offers no valid basis to challenge Proposal Six.

The Public Representative generally supports Proposal Six. PR Comments at 2. At the same time, the Public Representative questions the accuracy of the cost avoidance estimate for Machinable Metered Letters, claiming that the Postal Service “has not presented a rationale” for using the workshare-related delivery unit cost estimate for Nonautomation Machinable Mixed AADC letters as a proxy for the workshare-related delivery unit cost estimate for Machinable Metered Letters. *Id.* at 2-3. Therefore, the Public Representative conditions her support for Proposal Six on the Commission’s ability to verify that it is reasonable to use Nonautomation Machinable

¹ A separate motion has been submitted by the Postal Service today seeking leave to file these reply comments. Note that because the GCA Comments offer no opinion on the merits of Proposal Six (GCA Comments at 1, 4), the Postal Service does not attempt to address them in these reply comments.

Mixed AADC letters unit delivery costs as a proxy for Machinable Metered Letters. *Id.* at 3.

What is unclear, however, is why the Public Representative would view it as incumbent on the Postal Service to justify this treatment in Proposal Six. All the Postal Service has done in this respect in Proposal Six is apply the established methodology, previously confirmed in Docket No. RM2010-13. In that docket, the Commission noted:

Since Docket No. R2006-1, the Commission has used the delivery costs of nonautomation machinable pieces sorted to mixed automated area distribution center (NAMMA), letters to represent the delivery costs of the BMM benchmark.

Order No. 1320 (April 20, 2012) at 20. The Commission further stated:

The Commission and the Postal Service have long held that the avoidable delivery costs associated with metered letters and NAMMA letters are quite similar. Without satisfactory delivery costs for metered mail that can be directly estimated, the Commission finds that NAMMA mail is the best available estimate of the delivery costs that would be avoided by worksharing metered mail.

Id. at 22 (footnote omitted).

In Docket No. R2021-2, Order No. 5937 (July 19, 2021), the Commission directed the Postal Service to deaverage the metered mail benchmark based on machinability. The instant proceeding was initiated as a response to that directive. Postal data collection systems still cannot be used to estimate separate delivery unit costs for machinable and nonmachinable letters. Consequently, the Postal Service has continued to use the delivery unit cost estimate for nonautomation machinable MAADC letters as the cost proxy for the machinable metered letters benchmark in the instant proceeding. The use of this proxy is even more appropriate now given that the cost benchmark has been deaveraged for machinability. The mail processing cost estimate

and the delivery cost estimate for machinable metered letters now reflect the costs for machinable mail pieces only. In similar fashion, the Postal Service has used the delivery unit cost estimate for nonautomation nonmachinable MADC letters as the proxy for the nonmachinable metered letters benchmark. The fact that the metered letters cost estimates include collection costs, while the presort letters cost estimates do not, shows that consideration has been given as to how the delivery costs for metered letters and presort letters differ.

Thus, the circumstances that pertained in Docket No. RM2010-13 still apply today, and the continuing application of the established methodology in that regard constitute no impediment to adoption of Proposal Six. As noted above, this proposal was only presented by the Postal Service in response to a Commission directive in Docket No. R2021-2.

Conclusion

Notwithstanding the question raised by the Public Representative, for the reasons stated above, Proposal Six should be approved at this time.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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